

### **Testimony of Raphael L. Podolsky**

H.B. 6777 – Property tax abatements for deed restrictions  
Housing Committee public hearing – February 28, 2023

#### **Recommended Committee action:**

**OPPOSE, UNLESS SECTION 2 IS DELETED OR BILL IS CHANGED TO  
CONFORM TO 8-30g – further discussion needed**

The impact of this bill is difficult to assess, and its meaning is not fully clear. Section 1 of the bill, as it has been explained to us, requires towns that are not exempt from 8-30g to abate property taxes for seniors who place a 40-year affordability deed restriction on their single-family house. In return, the town is required to abate their property taxes for the term of the deed restriction, unless the town becomes exempt from 8-30g or is in an 8-30g moratorium. In this sense, it is a tax abatement bill to incentivize long-term affordability deed restrictions. If properly drafted, it appears to us that these deed-restricted units would, under the existing language of 8-30g, be counted toward the 10% exemption, would be eligible for a moratorium point, and could make Section 2 unnecessary. We would oppose the bill in the absence of a fully effective long-term deed restriction.

Section 1 of the bill also has other provisions that are either ambiguous or make Section 2 undesirable. Unless they are modified, the bill would have an undesirable impact on 8-30g.

- The bill should make clear that, while under certain circumstances the tax abatement can be cancelled or recouped, the deed restriction is irrevocable. It should remain in effect for the full 40 years. Lines 47 to 52 should be clarified to make that clear.
- For the same reason, lines 59 to 74 should be substantially revised. As written, they seem to allow homeowners to buy their way out of the deed restriction (presumably in order to sell the house for a much higher price and bigger profit) at any time – even immediately after they have bought the house. This invites manipulation that would allow the town to get the benefit of moratorium points for a house that no member of the general public has ever had an opportunity to buy or occupy. If the restriction can be revoked, it undercuts 8-30g.
- For the property to be potentially eligible for 8-30g points, it should conform to 8-30g requirements. These include the use of the lower of state or area median income, the use of 80% rather than 100% of median in regard to the original seller, and the inclusion of heat, utilities, insurance, and taxes in housing costs, as is done in HUD programs and under C.G.S. 8-39a. Regional median income should be based on the lesser of state or area median income. The income of the seller of the property should be under 80% of median income, rather than under 100%.
- The use of funds repaid to the municipality is too broad. It should be required that they be used to generate additional housing that meets 8-30g deed-restriction and income

standards. Use for repair or energy efficiency is not a substitute for the new units that 8-30g is designed to create.

- The units that are deed-restricted under this bill should not be eligible for more than 1 moratorium point. Moratorium points are enhanced to encourage the development of housing less likely to be approved by a town on its own, e.g., rental housing and housing targeted with income restrictions at 60% or 40% of median income. The deed-restricted housing in this bill, in contrast, is for ownership housing at 80% of median, which does not fit the incentives that 8-30g attempts to promote.